MAEDER BROS, INC.
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Testimony before House Tax Policy Committee

Regarding HB 4404

January, 20 2010

Good morning Madam Chair and fellow committee members. My name is Jim Maeder, I am a third generation sawmill operator from the Central Michigan area.

My company has been in business in Michigan since 1952, directly employing 20 people, through ancillary jobs, another 20-25 people. The community we are located in is small, approx. 650 people. A company our size has a large impact on area employment.

Recently, (April,May,June 2009) we were subject to an audit by State of Michigan Department of Treasury for sales and use tax. The findings from this audit resulted in a penalty of $7077.00 from the State. These coupled with accounting fees of $1800.00 as well as added labor costs associated with gathering necessary information is a huge burden to a business our size, as well all sawmills in the State of Michigan.

The nature of the sawmill industry requires multiple use pieces of equipment . The equipment is typically consists of but is not limited to wheel loaders and forklifts necessary to move logs and lumber. These activities are normal in the processing of logs to lumber. Machines of this nature normally cost in excess of $100,000.00, therefore making multiple machines cost prohibitive at best.

In light of this information, added tax burden assessed with single use machines is an added burden in these difficult economic times.

The state of Michigan is blessed with a wealth of forest resources, as well as some of the best stewards of them. The sawmills of this state are of the best in the country.

Growth in new jobs is a very important responsibility. Respectfully, protection of existing jobs and their providers holds equal if not greater urgency.

With this information, your support of HB 4404 will be essential to continued growth and prosperity for the forest products industry.

Submitted by
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